

# Contract Renewal Request Form

## Instructions

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### General Directions

This format should be used by all Owners of projects that are requiring a renewal of a Section 8 contract expiring in the current fiscal year. At least 120 days before the contract expiration, Owners must provide the Renewal Cover Sheet along with appropriate Worksheets and supporting material to the Director of the Multifamily Hub or Program Center Director (or Contract Administrators (CA), if applicable) with jurisdiction over the project. If an Owner requires additional space, please attach pages. The Rent Comparability Studies that are required must be prepared in accordance with Chapter Nine of this Guide. Finally, the Worksheet for each Option requires that the Owner sign the certification in order for the renewal request to be complete.

### COVER SHEET

- A. The Cover Sheet provides the Project Manager/CA with the general information regarding the property at which an Owner is requesting a Section 8 contract renewal.
- B. Owners shall complete the general property information along with the chart that exhibits all of the Section 8 contracts and stages in the project, regardless of when they are expiring. Owners should indicate which contracts they wish to renew and they need to indicate whether or not they wish to combine any contracts/stages by placing a "Y" in the appropriate space(s). Contracts/stages may only be combined if: (1) they expire in the current Fiscal Year; (2) are associated with the same Loan Number; and (3) are all "pre-1981" or "post-1981" (no "pre-1981" indicator). If there are a mixture of pre-1981 and post-1981 contracts at a property, there will be a minimum of two surviving contracts. (See Chapter Two of the User Guide for further details regarding combining contracts).
- C. Owners shall indicate under which option they are selecting to renew.
  1. **Option One: Mark-Up-To-Market.** Indicate whether or not this is an initial renewal under the MAHRA guidelines or a subsequent renewal which is any renewal of a 524 contract. For specific information on the Mark-Up-To-Market renewal, see Chapter Three of this Guide.
  2. **Option Two:** Indicate whether or not this is an initial renewal under the MAHRA guidelines or a subsequent renewal which is any renewal of a 524 contract. Owners should indicate the term they are requesting (one year or multiple years). For specific information regarding a renewal under this option, see Chapter Four of this Guide.

3. **Option Three:** Specific information on the Mark-To-Market program can be found in Chapter Four of this Guide. An Owner selects 3A if the rents are above market and the Owner does not want to restructure but simply wants the rents reduced to market. If the Owner is interested in mortgage restructuring, they should select 3B
4. **Option Four:** Owners of "Exception" Projects should indicate whether or not this is an initial renewal under MAHRA guidelines or a subsequent renewal, which is any renewal of a 524 contract. Owners should indicate the term they are requesting (one year or multiple years). For detailed information on renewing under Option Four, refer to Chapter Six of this Guide.
5. **Option Five:** Preservation Contract renewals are for one year only. Owners of Demonstration projects that are requesting an initial renewal under 524 may receive a four-year term. Subsequent renewals for Demonstration projects should be renewed under Option Two. Details regarding a renewal under this Option may be found in Chapter Seven of this Guide.
6. **Option Six:** Owners who do not wish to renew the Section 8 contract should check Option Six. Specific guidelines for opting-out of the Section 8 program can be found in Chapter Eight of this Guide.

## WORKSHEET FOR OPTION ONE

- A. Owners must complete a Rent Comparability Study (RCS) in compliance with Chapter Nine of this Guide. Using the figures from the RCS, Owners must complete the "Initial Eligibility Worksheet" and meet its threshold eligibility test. The RCS and Worksheet must be submitted along with the Renewal Request Form.
- B. If the Comparable Market Rent Potential is greater than 100% of the published Fair Market Rents, the Owner should check the first option and then sign and date the certification.
- C. If the Comparable Market Rent Potential is not greater than 100% of the FMRs, the owner may request a waiver based on one of three reasons. Whichever waiver option the Owner selects, they must provide supporting documentation. The burden is on the Owner to provide adequate evidence that the waiver is justified.
  1. If the property has more than 50% of the units rented to a vulnerable population (i.e., elderly, disabled or large families, as defined by five or more people) the 100% FMR threshold may be waived.
  2. If the property is located in an area where the vacancy rate is less than 3%, the FMR threshold may be waived.
  3. The Owner can demonstrate that the property is a priority for the local community by providing documentation of commitments of State or local funds to the property.

- D. If the Mark-Up-To-Market eligibility requirements are not met but the property is being sold to an eligible non-profit (as detailed in Chapter 15 of the Guide), the Owner may request a renewal under this Option.
- E. The Fair Market Rents used to establish eligibility are published annually in the Federal Register. The FMRs are available on the web at [www.hud.gov.huduser.org/datasets/fmr.html](http://www.hud.gov.huduser.org/datasets/fmr.html).
- F. Owners should refer to Chapter Three of this Guide for specific details on this Option.
- G. Owners must certify, sign and date the Renewal Request Form.

## WORKSHEET FOR OPTION TWO - INITIAL RENEWALS

- A. Owners must complete the comparison chart in order to demonstrate that the Rent Potential for the Section 8 units is not greater than the Comparable Market Rent Potential as exhibited by the Rent Comparability Study. The information is only for those Section 8 units in the expiring contract or the other contract(s)/stages that the Owner wishes to combine with the expiring contract. If the RCS included Section 8 units that are not expiring in the current Fiscal Year, the Owner should only include the information that applies to the units of the contract(s)/stage(s) expiring.
  - I. Enter the unit type (1 BR, 2-BR, etc.) along with the contract/stage number.
  - II. Enter the number of units that correspond to the unit type and contract/stage number.
  - III. Enter the current monthly Section 8 contract rent (including utilities, if applicable) for the corresponding unit type.
  - IV. Enter the comparable market rents. This figure is the Estimated Subject Market Rents from the HUD form 92273S8 (from Chapter Nine).
  - V. Enter the current Section 8 rent potential by multiplying the number of units in Column II by the monthly contract rent in Column III.
  - VI. Enter the current Estimated Subject Market Rent Potential by multiplying the number of units in Column II by the Estimated Subject Market Rents in Column V.
- B. Compare the Section 8 Rent Potential with the Comparable Market Rent Potential by adding columns V and VI. For the most cases, the total of Column V must be less than or equal to the total of column VI for an Owner to renew under this option. The exception to this rule is Owners of "exception" projects (See Option Four) that are electing to renew under this Option and are willing to reduce their rents to market, if needed. These Owners must check the option in the box below the Comparison Chart.
- C. The Owner should check the statement that corresponds to the type of rent increase they are requesting, OCAF, Budget-Based or Budget-Based for Capital Repairs.
  - 1. To receive an OCAF adjustment, Owners must submit the OCAF calculation worksheet.
  - 2. For Budget-based rent increase, Owners must submit a budget prepared in accordance with HUD Handbook 4350.1, Chapter 7 and Attachment 5 of this Guide along with the required documentation. For Section 515/8 projects, the Owner must submit an RHS approved budget. Owners requesting a budget-based rent increase must abide by the tenant notification and access to information requirements found in 24 CFR 245.
  - 3. Eligible nonprofit owners that meet the eligibility requirements outlined in Chapter 15 of this Guide may request a budget-based rent increase to cover capital repairs. At no time may the rents exceed market.

- D. Chapter Four of this Guide provides detailed information on renewals under this Option.
- E. Owners must certify, sign and date the Renewal Request Form.

## WORKSHEET FOR OPTION TWO - SUBSEQUENT RENEWALS

- A. Owners requesting a subsequent renewal of their contract and utilizing an RCS that is less than five years old do not have to complete a comparison chart.
  - 1. Owners requesting current rents adjusted by the OCAF simply have to enter the date of the RCS and the OCAF adjustment worksheet.
  - 2. Owners requesting a budget-based increase have to enter the date of the RCS and submit a budget in accordance with the requirements in HUD Handbook 4350.1, Chapter 7 and Attachment 5 of this Guide. Owners must abide by the tenant notification and access to information requirements in 24 CFR 245.
    - a. The RCS must be adjusted to determine the new market level. Owners must enter the Comparable Rent Potential from the original RCS and then adjust this figure by the OCAF for each year that has passed since the RCS was originally completed.
    - b. The budget-based rent increase request can not exceed the New Comparable Rent Potential.
- B. Owners requesting a subsequent renewal with an RCS that is five years old must submit a new RCS in accordance with Chapter Nine of this Guide. These Owners must complete the Comparison Chart from the Option Two Initial Renewal Request. Adjusted rents may not exceed the Comparable Market Rent that is supported by the RCS.
  - 1. Owners requesting that current rents be adjusted by OCAF must submit the OCAF adjustment worksheet.
  - 2. Owners requesting a budget-based rent increase must submit a budget in accordance with Chapter 7 in HUD Handbook 4350.1 and Attachment 5 of this Guide. Owners are required to abide by the tenant notification and access to information requirements in 24 CFR 245.
  - 3. Eligible nonprofit owners that meet the eligibility requirements outlined in Chapter 15 of this Guide may request a budget-based rent increase to cover capital repairs. At no time may the rents exceed market.
- C. Chapter Four of this Guide provides detailed information on renewals under this Option.
- D. Owners must certify, sign and date the Renewal Request Form.

## WORKSHEET FOR OPTION THREE

- A. Owners that are eligible for the Mark-To-Market program and want their rents reduced to market rather than going through a full restructuring should check Option 3A. A RCS must be submitted in accordance with Chapter Nine of this Guide. The Owners are eligible to enter into a short-term contract at current rents in order to have time to go through the OMHAR-Lite process.
- B. Owners that are eligible for the Mark-To-Market program and are interested in going through the full restructuring process should check Option 3B. These Owners are not required to submit an RCS. Owners will be offered a short-term contract while the contract goes through the restructuring process.
- C. Owners must certify, sign and date the Request for Referral to OMHAR.
- D. Chapter Five of this Guide offers details about this Option.

## WORKSHEET FOR OPTION FOUR - INITIAL RENEWAL

- A. Owners of projects that meet the eligibility requirements for “exception” projects must check the characteristic that applies to the contract that is being renewed.
  - 1. Owners of projects that have the primary financing or mortgage insurance provided by State government or a unit of general local government (or any agency or instrumentality of either) and financing involves mortgage insurance of the National Housing Act. Owners must submit all of the required documentation with the Renewal Request Form in order to confirm eligibility as an “exception” project.
  - 2. Owners of projects that fall under Section 512(2) of MAHRA must submit a RCS in accordance with Chapter Nine of this Guide.
- B. At Initial Renewal, the “lesser of” test is conducted. Owners must submit an OCAF adjustment worksheet and a budget in accordance with Chapter 7 of HUD Handbook 4350.1 and Attachment 5 of this Guide. Owners must enter the Annual Adjust Rent Potential from the OCAF worksheet and the Rent Potential based on the budget. The new rent will be the lesser of the OCAF adjusted rent or the budget.
- C. Owners must certify, sign and date the Renewal Request form
- D. Details about this Option are available in Chapter Six of this Guide.

## WORKSHEET FOR OPTION FOUR - SUBSEQUENT RENEWAL

- A. Owners of “exception” projects requesting a subsequent renewal do not have to utilize the “lesser of” test.
  - 1. Owners requesting an OCAF adjustment to the rents must check that option and submit a OCAF adjustment worksheet.
  - 2. Owners requesting a budget-based rent increase must select that option and submit a budget in accordance with the established requirements. In addition, these Owners must check off that they abided by the tenant notification and access to information requirements in 24 CFR 245.
- B. Owners must certify, sign and date the Renewal Request form.
- C. Details regarding this Option can be found in Chapter Six of this Guide.

## WORKSHEET FOR OPTION FIVE

- A. Owners that had their projects go through the Portfolio Reengineering Demonstration Program should check the first option. Following this, the Owner should select the statements that apply to their project.
  - 1. In cases where the project had the mortgage restructured, and/or the rents reduced to market, the Owner must check off this statement and the three statements that apply.
  - 2. In cases where the project did not have the mortgage restructured nor the rents reduced to market, the Owner must check off the appropriate statement. In addition, the Owner must submit details as to why restructuring would be inappropriate. The Owner must check off this statement to show that they agree to having the rationale forwarded to HUD Headquarters for processing.

- B. Owners of Preservation Projects should check off the appropriate statement. These Owners agree to renew the contract in accordance with their approved Plan of Action for a one year term.
- C. Owners must certify, sign and date the form.
- D. Chapter Seven of this Guide provides details for renewing under this option.

## WORKSHEET FOR OPTION SIX

- A. Owners who elect to opt-out of the Section 8 contract must certify that they provided every assisted tenant with a one-year written notice of their intent to opt-out. Owners must be able to produce acceptable evidence of such a notice if requested by HUD.
  - 1. In some cases, additional time may be required to get tenant-based assistance in place for all of the residents. If an Owner is willing to enter into a short-term contract in order to cover the time necessary for all eligible tenants to receive vouchers, the Owner should check the appropriate statement.
  - 2. Owners must certify that they agree to honor the tenants right to remain at the property, provided that the PHA approves a rent equal to the new rent charged for the unit, and that the rent is reasonable. I also agree not to terminate the tenancy of a tenant who exercises their right to remain, except for cause under State or local law.
- B. Owners must certify, sign and date the form.
- C. Specific details on this Option may be found in Chapter Eight of this Guide.